

Biotech Daily's CEO interview

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'ONE DECENT LICENCE AND WE'RE PROFITABLE' - GENETIC TECHNO'S DR MERVYN JACOBSON

GENETIC TECHNOLOGIES chief executive officer Dr Mervyn Jacobson says his company is on the verge of profitability.

Dr Jacobson told Biotech Daily that "one decent licence and we're profitable". He said the \$138 million market capitalization company, of which he owns 41.45 percent, was working on several major research development programs as well as undertaking licencing deals and earning revenue from genetic testing.

The genetic testing division has a contract for forensic testing with the New South Wales Police as well as DNA testing of dogs and livestock. Dr Jacobson said testing revenue alone was \$4 million in the last financial year.

He said the company would be able to reduce Victorian Government waiting lists for genetic testing both in the Victoria Police as well as the Human Service (Health) Department.

He said his company could reduce significantly the waiting lists to test women for genetic markers for breast cancer. He said the test took two to four weeks but the waiting lists for testing were more than three years.

Dr Jacobson said his company could also isolate foetal cells, post eight weeks gestation, by taking a venous maternal blood sample, which includes foetal blood, and determine any genetic defects.

He said that determining there was an immune cycle (see Biotech Daily October 18, 2006)

had implications for the timing of doses, in particular for cancer patients, and he said a trial to determine dose timing efficacy was underway.

Dr Jacobson said that it took the science community a long time to realize that what had been called "junk" DNA or non-coding DNA was an important part of DNA. He said at first he was criticized for believing it had a role to play in genetics, then he was criticized for patenting non-coding DNA. Now it is accepted that it is not only important, but critical. He referred to an article in Nature of November 9, 2006 entitled "It's the junk that makes us human".

"Genetic Technologies own the patents on the use of relevant non-coding DNA in all genes in all species," Dr Jacobson said. He said his company had "huge potential".

"We are in active discussions with a number of large companies in a range of opportunities on licencing and on our research programs," Dr Jacobson said. He briefly interrupted the interview to take a call and said it was from a major New York investment house calling him – and not the other way around - regarding a potential investment.

He said he continued to increase his holding in his company to demonstrate his faith in its business, but agreed that some investors were concerned about his level of control. He said he might have a large percentage of shares, but he did not control the board and there were times when he disagreed with board decisions.

Dr Jacobson referred to his slide show presentation for last week's annual general meeting showing the lodging and issuing of patents between 1989 and 1998 followed by

the issuing of 27 commercial licences between 2001 and 2006 with “six legal challenges resolved in GTG’s favor”. The slide noted that with the current issued patents expiring in 2015 the company has a “nine year harvest window”.

Dr Jacobson said that apart from the total value of \$60 million for the licences, the company received \$2 million a year in recurring revenue.

Genetic Technologies’ preliminary final report for the year to June 30 2006 (published September 13) showed a 3.5 increase in consolidated revenue to \$10,757,114 and a reduced loss down 26.8 percent to \$7,918,773.

[Genetic Technologies fell one cent or 2.63 percent to 37 cents.](#)